



Browns Ferry license renewal benefits ripple beyond Tennessee Valley

From left, Browns Ferry Nuclear Plant General Manager of Plant Operations R.G. Jones discusses the replacements and refurbishments that are taking place to restart Browns Ferry Unit 1 to NRC Director of the Office of Nuclear Reactor Regulation Jim Dyer, NRC Chairman Nils Diaz and NRC Executive Director for Operations Luis Reyes.

As the stroke of a pen approved 20 more years for Browns Ferry nuclear plant, employees applauded the benefit for their families, the Tennessee Valley and the nation.

"It's like everyone is looking at Browns Ferry," said Eddie Evans, an instrument engineer, of the formal ceremony Thursday when U.S. Nuclear Regulatory Commission executives approved license renewal for Browns Ferry Unit 1, 2 and 3.

Evans said TVA Nuclear employees feel particular pride in the extraordinary dedication and resources that have kept Unit 1 re-start on track. The sentiment is reflected in the oft-repeated slogan, "Online safely, on-time, on budget."

The ceremonies took place in front of a presidential-looking backdrop with the U.S. and NRC flags flanking the NRC seal affixed to dark blue draping. NRC Chairman Nils Diaz signed the certificate presented to TVA Nuclear executives to

mark the occasion. More than a dozen NRC officials joined site employees at the ceremony at the Browns Ferry Training Center.

Martha Logalbo, a business support analyst at Browns Ferry, said she and her husband, Dominick, a unit outage manager at Browns Ferry, have talked to their four children about the economic benefits license renewal presents. She also cited

See "Browns Ferry" on page 3

EXAMPLES OF EXCELLENCE

Promote reliability; protect against a blackout

The North American Electric Reliability Council, the nonprofit, industry-sponsored group that oversees power-line reliability, has once again cited TVA processes as Examples of Excellence. Two other TVA processes were previously cited, making TVA the only utility in the United States to have five Examples of Excellence.

Blackouts: No TVs. No computers. No microwaves.

Preventing blackouts from happening in the TVA reliability area is the mission of TVA's Transmission & Reliability organization in Power System Operations. Three of the tools and practices developed to help system operators maintain a reliable system have been recognized as Examples of Excellence by the North American Electric Reliability Council.

The Aug. 14, 2003, blackout in the Midwest and Northeast put 50 million people in the Midwest and Northeast in the dark

and knocked more than 100 power plants offline. It also made it clear that the safe and reliable operation of the interconnected systems was a growing challenge, says Bob Dalrymple, manager of TVA's Transmission-System Services.

"In fact, the government task force that investigated the outage concluded that a smaller transmission margin for reliability makes the preservation of system reliability a harder job than it

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WP Productivity: still a chance

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Thank you from Gallatin

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Giving back through public service

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what's new in employee news

Open for business

If you have a question about a TVA decision or issue, you can get an answer through the new Open Line process, designed to equip employees with business information about TVA.

Just e-mail your question to Open Line, a special e-mailbox listed in the Outlook address book. Or you can send your question via interoffice mail to Open Line, SP 2B-C. Employees' names will not be published.

Responses will be posted on the new Open Line site that will be accessible from the TVA internal Web site homepage.

inside TVA

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Generation, labor drive Productivity results

At the end of March, five of the eight performance measures on the TVA Winning Performance Balanced Scorecard are projected to be on target or better by the end of the fiscal year. Based on the latest Power Supply Plan and remaining labor budget, the forecast for Productivity is 89.6; worse than target, but recovery is possible.

Productivity is defined as the rate at which goods or services are produced per unit of labor. For TVA, that means electrical generation per cost of labor.

The Balanced Scorecard's Productivity measure is the ratio of delivered generation from TVA generation assets divided by total labor cost. Labor costs include salaries, benefits and overtime, plus contractors' labor costs. Using the FY 2006 Power Supply Plan for generation along with the budgets for labor, the target for Productivity is 91.2 kilowatt-hours per dollar of labor.

For the first three months of the fiscal year, Productivity results were favorable. Generation was only slightly less than planned, and labor costs compared favorably to budgets.

However, the unseasonably warm winter and the low runoff due to dry conditions had an adverse impact on the demand for generation. Higher than expected unplanned outage rates also have impacted productivity. The result is that at mid-year, the Productivity measure is at 84.5 kWhs per labor dollar, which is about 7 percent less than target.

Since the Productivity measure depends heavily upon favorable output (generation), the outlook for year-end results will be

determined primarily by improved demand and excellent performance from the generation assets.

Meeting this fiscal year's Productivity target will require everyone to be as efficient as possible, especially with controllable por-

tions of labor costs such as overtime and contractor use.

Employees are encouraged to regularly review scorecard results and improvement action plans in their business areas.

— JOHN WALKER

Winning Performance

TVA Balanced Scorecard for March 2006

	Weight	Status	Actual YTD	Plan YTD	Year-End Forecast	Target	Mid	Stretch
Financial								
• Net Cash Flow (\$ millions)	20%	↓	49	217	123	394	456	548
• Financial Strength/Reduction in Total Financing Obligations* (\$ millions)	15%	↑	60	149	340	340	420	500
• Productivity (kWhs Delivered/ Total Labor Cost)	10%	➡	89.8	94.7	89.6	93.0	94.8	96.7
Customer								
• Customer Impact (CPI+CSS)**(%)	10%	↑	111.6	100	100	100	101.7	108.1
• Economic Development (index)	10%	↑	125	100	100	100	110	120
Operations								
• Asset Availability (GWh Available/GWh Planned)	15%	↑	100	100	100	100	101	102
• Environmental Impact *** (index)	10%	↑	62	61	66	66	60	55
People								
• Safe Workplace**** (Recordable injuries/hours worked)	10%	↓	1.17	1.82	1.82	1.82	1.64	1.55

* To maintain continuity, the original performance measure name of Financial Strength is referenced with the new name, Reduction in Total Financing Obligations (TFO).

** CPI=Connection Point Interruptions and CSS=Customer Satisfaction Survey. Actuals reported quarterly.

*** Actuals are reported quarterly.

**** Includes TVA and staff-augmented employees; hearing events are excluded. Any TVA employee or staff-augment-

Status:

↑ = Forecast at or better than Target

➡ = Forecast worse than Target, but recovery is possible

↓ = Forecast worse than Target, and recovery is unlikely

ed contractor fatality or permanent total disability will prevent payout for this indicator at the TVA level as well as the affected SBU/BU.

This scorecard has been posted on the Winning Performance section of TVA's internal Web site.

NERC awards

continued from page 1

used to be," he says. "The system is being operated closer to the edge of reliability than it was just a few years ago. This makes the preservation of system reliability an even harder job."

In order to meet this challenge, TVA's Transmission & Reliability organization developed tools and practices to help system operators maintain a reliable system. The North American Electric Reliability Council recently recognized three of these tools as Examples of Excellence.

"Improvements in tools, processes and procedures have enhanced our ability to reliably operate the system," Dalrymple says.

The following are NERC Examples of Excellence:

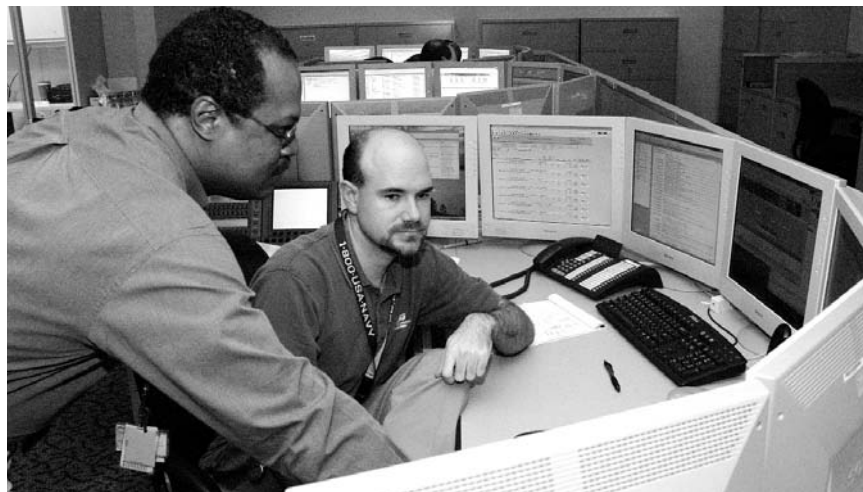
- Wide-area real-time monitoring that allows TVA to see what is actually happening on the TVA system, as well as at interchanges between TVA, its

neighboring balancing-authority areas and reliability coordinator areas. This is crucial to maintaining safe and reliable operations., Dalrymple says.

- An operating position that provides around-the-clock analysis of grid conditions based on real-time information from TVA and neighboring systems. "This allows us to know ahead of time what would happen if any key elements of the system were lost and to have an action plan ready," Dalrymple says.

- Fully functional primary and backup control centers. These world-class centers allow operators to perform their functions from either facility in emergency situations.

Jason Schwab, a reliability analysis & operations specialist, says TVA is a leader in the industry in developing visual



System Operators Terry Williams (left) and Dan Kehoe review system information and analysis results to ensure the bulk transmission system is operating reliably.

tools and procedures that help balancing authorities, transmission operators and reliability coordinators perform their jobs.

"These help my group understand system conditions so we don't have an unmanageable problem if an event occurs," he says.

That's not just the TVA system, but parts of 11 states TVA is responsible for — stretching from the Carolinas to Oklahoma. In addition to the TVA service area, TVA's reliability coordinator is

accountable for the safe and reliable operations of the electric grid of Associated Electric Cooperative Inc., Big Rivers Electric Cooperative, East Kentucky Power Cooperative and Electric Energy Inc.

"The tools give us a better picture of what is happening on the grid. We take the information, evaluate it and make critical decisions. Our job is to constantly position the power system to withstand the loss of any facility." — MYRA IRELAND

Browns Ferry

continued from page 1

the opportunity to showcase progress on Unit 1.

"We've all been looking at Unit 1 and we know that when we get through this, it opens up a lot more possibilities for TVA and the Valley," she said.

The importance of this milestone to the rest of the industry was signaled by the presence of NRC Chairman Diaz, in the eyes of Browns Ferry Procurement Manager Dave Hicks.

Fast Facts on Browns Ferry

TVA submitted its application for Browns Ferry license renewal in December 2003. The NRC license approval will allow TVA to continue operating units 1, 2 and 3 until 2033, 2034 and 2036, respectively.

Browns Ferry, TVA's first nuclear plant, sits on 840 acres beside the Wheeler Reservoir on the Tennessee River.

Major construction began in 1967 on these boiling-water reactors, which make electricity by splitting uranium atoms to produce steam. Browns Ferry was the largest nuclear plant in the world when it began operation in 1974, and it was the first to generate more than 1 billion watts of power.

Unit 1 has been idle since 1985; the TVA board voted in May 2002 to return it to service. Re-start work is 83 percent complete. When the unit returns to service, it will generate enough power to supply about 650,000 homes.

Adding the 1,280 megawatts from Unit 1 to the grid — scheduled for May 2007 — will provide significant financial benefit to TVA's customers, Hicks said. After working at several TVA facilities, he returned to Browns Ferry four years ago to help with Unit 1 before he retires.

"For me, it's a legacy issue. The people who follow me will have a great place to work."

Brian O'Grady, TVA site vice president for Browns Ferry, summarized the events this way: "It's a great day for the people of the Tennessee Valley, the great state of Alabama, the company and especially the people who work here."

O'Grady introduced Diaz, who answered questions for an hour on topics ranging from nuclear waste disposal to global warming. While he spoke at length about the importance of safety, Diaz also praised employees.

"In many ways, I just want to congratulate you, the employees of Browns Ferry, for a job well done."

Diaz was accompanied by Jim Dyer, NRC Director of Nuclear Reactor Regulation, who signed the license



NRC Chairman Nils Diaz (right) presented TVA Chief Nuclear Officer Karl Singer with a certificate recognizing the signing of the renewed operating licenses for Browns Ferry Nuclear Plant units 1, 2 and 3.

amendments extending operation 20 years. Karl Singer, TVA Chief Nuclear officer, thanked the NRC and also recognized the Browns Ferry license renewal project team for its "enormous technical feat."

The NRC granted the license renewal after conducting onsite inspections and a comprehensive two-year review of thousands of documents.

— MAUREEN BROWN

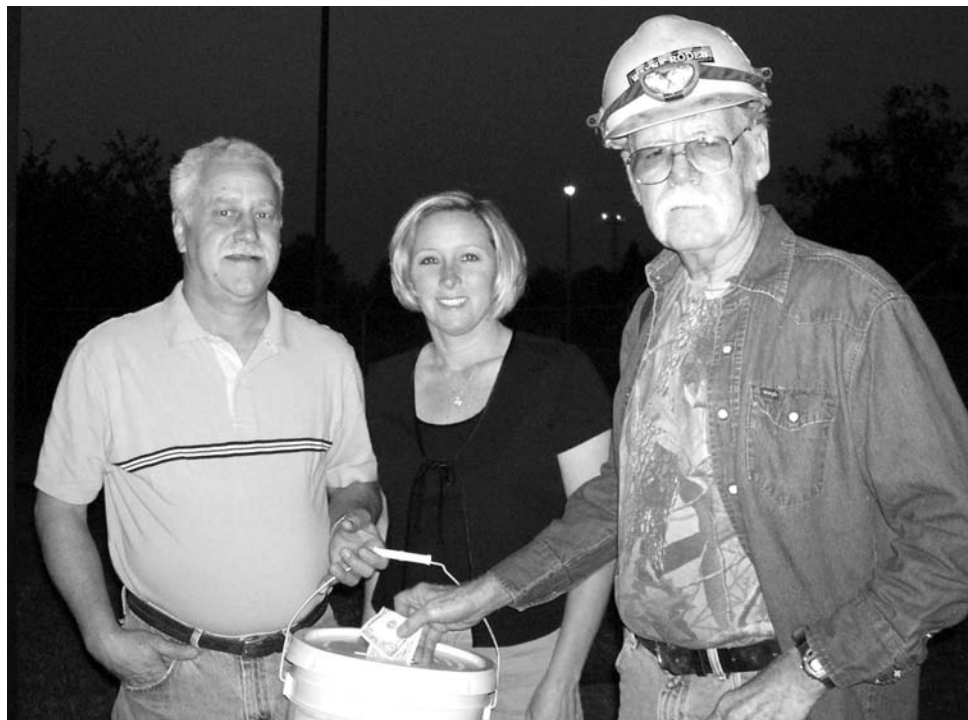
ACROSS TVA



Serving the customers

From left, Michael Parker, manager of City of Okolona (Miss.) Electric Department; Richard Morrissey, manager of the Electricity Department for City of Florence (Ala.) Utilities; Rody Blevins, president & chief executive officer of Volunteer Energy Cooperative; Frank Jennings, president of Middle Tennessee Electric Membership Corp.; and Scott Woodlee, manager of TVA's Customer Procurement Partnership Program, attend the purchasing workshop jointly sponsored by TVA and the Tennessee Valley Public Power Association in Nashville last month. More than 100 people, including procurement professionals from 48 of TVA's distributor customers, attended the first-of-its-kind two-day workshop. Speakers included Jack Simmons, president & chief executive officer of TVPPA; Deborah Corbitt, procurement manager of Nashville Electric Service; Blevins; Gene Tilley, general manager of TVA's Chief Operating Officer Contracts group; and Scott Fugate, contracts manager in TVA's Procurement organization.

Fossil Power Group — Fossil Power Group's Northern Area Mini Challenge Golf Tournament will be held Friday, May 26, at Drake Creek Golf Club in Ledbetter, Ky. The tournament is held each year for employees at TVA's northern-area fossil plants — Cumberland, Gallatin, Johnsonville, Paradise and Shawnee — to promote morale and camaraderie. Family members and retirees of the plants also participate. Registration for the four-person scramble tournament will begin at 7:15 a.m. CDT May 26, with a shotgun start to begin at 8. A catered lunch and door prizes will follow the tournament. The fee is \$33 per person and includes green fees, cart, lunch and unlimited range balls. Anyone needing more information or who would like to reserve a spot in the tournament should contact one of the following: Scott Beckleheimer (Paradise) — csbeckleheimer@tva.gov — 270-476-3280; Billy Coakley (Cumberland) — bjcoakle@tva.gov — 931-827-6171; Rick Davis (Shawnee) — rldavis1@tva.gov — 270-575-8184; Don Umstead (Johnsonville) — drumstea@tva.gov — 931-535-8596; Brenda Whitaker (Gallatin) — bdwhitaker@tva.gov — 615-230-4160.



Helping each other

Widows Creek Fossil Plant G-UB-MK employee Wayne Roden (right) makes a donation for Gallatin Fossil Plant tornado victims. Darrell Ferguson, Widows Creek Helping Hands Chairman, and Sherrie McCrary, Committee Treasurer were among other Helping Hands Committee members collecting for "Dollar Day" April 18. Widows Creek employees and partners donated \$1,010.00 for the effort.

Gallatin employees thank fellow co-workers

TVA employees across the Tennessee Valley gave outpouring support to the Gallatin Fossil Plant employees who were affected by a series of tornadoes that ripped through the area in April.

"We have received more than \$8,000 in personal donations, with folks sending checks and conducting fund-raisers at their work locations," says Kriste Lanius, Gallatin Fossil Plant relief effort coordinator. "On behalf of all of the tornado victims from Gallatin, thank you, TVA friends."

For additional pictures of tornado damage, see the online version of *Inside TVA*.

INSIDER

Bringing progress to their counties

Improving education. Bringing jobs to the community. Enhancing county services. Sound like political-campaign promises?

For Marty Grasty and Myron Iwanski — two of several TVA employees serving as nonpartisan elected officials in county governments — these are achievements worth bragging about.

“When I was first elected to the Stewart County [Tenn.] Commission in 1990, we had 50-year-old school buildings,” says Grasty, technical services analyst at Cumberland Fossil Plant. “Since then, we have built a new high school, a new elementary school and a library, and next season we’ll have a new middle school. Plus, we have three new ambulance stations since the county took over the service.”

Those are achievements worth touting for the rural county of 12,500 residents in western Middle Tennessee.

Iwanski has bragging rights, too, for his county of almost 71,500. He was selected chairman of the Anderson County Commission in East Tennessee six months ago. This means a full board meeting once a month and at least two meetings a week.

“As a result of our recruiting efforts, we’re in the top two in new jobs created in the state,” says Iwanski, manager of Environmental Audits in Environmental Stewardship & Policy. “And we’ve doubled the local tax money going to schools.

The Hatch Act — being politically correct

Federal law specifies which political activities employees (including personal-services contractors in an employee/employer relationship) can participate in, as well as those they may not. TVA employees are covered under the Hatch Act, which was passed to protect federal employees from political pressures. Because the penalty for violating the Hatch Act’s restrictions can be severe, it is important for employees to comply.

In general, TVA employees can vote as they choose and express their opinions. They also can, when off duty, wear political buttons, place bumper stickers on their personal vehicles, and participate in elections as a supporter.

Employees cannot engage in the political activities described above while on duty or in government buildings or vehicles, nor may they generally — at any time — solicit or receive any political contributions.

For TVA employees to be candidates themselves, the election generally must be “nonpartisan.” An election is nonpartisan only when none of the candidates runs as a representative of a political party. In addition to Hatch Act restrictions, under TVA outside-employment approval requirements employees must get TVA approval before running for or serving in a public office. See guidance on TVA’s internal Web site under “Organizations,” “Office of the General Counsel,” “Synopsis of Standards of Ethical Conduct,” “Outside Activities.”)

For more information, employees should consult Employment Practice 6, Political Activity Participation on TVA’s internal Web site or contact their Human Resource officer.



Myron Iwanski (left) talks with Tim Thompson, president of the Anderson County Economic Development Association, before a recent Anderson County Commission meeting.

We’ve put Anderson County on a sound fiscal basis.”

Iwanski, who is finishing his third four-year term, is one of six representatives from Oak Ridge on the 16-member commission. He says while constituents don’t always agree with his decisions, his goal is that they respect him for doing what he believes is right.

“If we have issues that relate to TVA, such as transmission lines or reservoir access, I’ll ask for opinions from the Office of the General Counsel’s ethics staff,” he says. “I abstain on those issues.”

Grasty says he’s had some spirited debates among commission members, as well as among the constituents.

“Everyone wants the best roads, the best law enforcement and the best schools. Not everyone will agree on how to get there. We do what’s best for the majority. I’ve learned over the years to be thick-skinned.”

One of Iwanski’s duties as chairman is to reach consensus and run the meetings smoothly.

“We’ve been successful at getting the cities and county working together on joint projects and moving in the right direction. We pushed for an operational audit to look at the efficiency of all the different school-system and county-government departments. As a result, we got a lot of good ideas on how we could improve.

“My tenure on the commission has been rewarding, and we’ve seen significant progress. However, I’ve found that sometimes things don’t happen as quickly as we want.”

— NANCY CANN

Just call her ‘the mayor’



Sharon Wallace was born and educated in Norris, Tenn. She grew up riding her bicycle with her friends in the quiet town. Today, she holds the distinction of “mayor.”

“I’ve lived in Norris most of my life,” says Wallace, a senior secretary in Environmental Stewardship & Planning. “Eight years ago, I felt like it was time to give back to my community, so I ran for city council.”

Wallace ran for the nonpartisan post with seven other candidates. Two years ago, she was the top vote-getter and was elected mayor by the four other council members.

Norris, which has nearly 1,500 residents, is the “city TVA built” in the 1930s. Wallace says the growing town has some challenges now that date back to the original infrastructure.

“Norris is using the original sewer system TVA put in in the 1930s,” she says. “We need funding from an outside source to make much-needed repairs and upgrades to meet state regulations so the state will let us continue to operate it. In the past, we’ve been ineligible for a Community Development Block Grant because the per-capita income is too high. We’re hoping to get discretionary funds from the governor to make the repairs.”

Wallace says it’s been 10 years since the city has had a tax increase.

“Until now, we’ve done a good job getting by with what we have.”

— NANCY CANN

people, plaudits and promotions

IT Education has won two bronze Telly Awards for training videos it created. One was on the TVA Clearance Procedure and the other on Windows XP Startup. These awards come less than a year after the group began focusing on video as an effective training approach. The Telly Awards annually showcase the best work in local, regional and cable TV production as well as in video and film. The competition this year drew 12,000 entries from the United States and around the globe.

Stanley Hall, a fossil electrical technician III at Cumberland Fossil Plant, recently won first place for excellence in individual fund-raising for the National Kidney Foundation Kidney Walk at Austin Peay State University in Clarksville, Tenn. Hall, who is on the waiting list for a kidney transplant, raised \$1,430 for the annual fund-raiser.



Stanley Hall

Keith Ridley of TVA’s Economic Development staff has been named manager of Valley Business Ventures, a new division created to

increase jobs and capital investment in high-growth industries and in companies owned by women and minorities in the TVA region. Ridley will work with economic-development professionals, distributor customers, financial institutions, city and federal procurement officers, and high-growth company owners to increase their business opportunities. His responsibilities include developing TVA’s economic-development programs for high-growth companies and developing a comprehensive strategy for recruiting and growing companies owned by women and minorities in the Tennessee Valley.

The Tennessee Association of Professional Surveyors has awarded **Bob Taylor**, civil design technician in Systems Engineering & Design, Electric Systems Projects, the 2005 Ernest Davis Shining Star Award. This award is given to individuals who work behind the scenes of the TAPS



Keith Ridley



Bob Taylor

organization to promote, advance and preserve the surveying profession. The recipient must be professional, dependable, loyal, enthusiastic and dedicated to the surveying profession. Taylor received this award for his efforts in promoting and sponsoring the National Trig-Star Competition in Bradley and Polk counties.

Sheila Thum, a materials handler in Procurement at Johnsonville Fossil Plant, recently received a gift certificate from TVA Police in recognition of her security awareness. TVAP District Commander John Langford presented her the certificate and thanks for a job well done. Thum says she was “just doing her job” at Johnsonville’s Power Stores facility when a truck driver recently arrived at the gate and asked to make a nitrogen delivery, but did not have the proper paperwork. Thum knew no deliveries were expected and denied access. She alerted TVAP. The delivery was for a DuPont facility located nearby.



Sheila Thum